

1 COOLEY GODWARD LLP  
THOMAS J. FRIEL, JR. (80065)  
2 tfriel@cooley.com  
BRIAN E. MITCHELL (190095)  
3 bmittchell@cooley.com  
ANTHONY J. PATEK (228964)  
4 apatek@cooley.com  
One Maritime Plaza, 20th Floor  
5 San Francisco, CA 94111-3580  
Telephone: (415) 693-2000  
6 Facsimile: (415) 951-3699

7 Attorneys for Plaintiffs  
LASER DESIGN INTERNATIONAL, LLC and NORWOOD  
8 OPERATING COMPANY

9 UNITED STATES DISTRICT COURT  
10 NORTHERN DISTRICT OF CALIFORNIA  
11 SAN FRANCISCO DIVISION

12 LASER DESIGN INTERNATIONAL, LLC  
13 and NORWOOD OPERATING COMPANY,

14 Plaintiffs,

15 v.

16 BJ CRYSTAL, INC., a California  
corporation; CRYSTAL MAGIC, INC., a  
17 Florida corporation; U.C. LASER, INC., a  
New Jersey corporation; VITRO LASER  
18 GROUP U.S.A., INC., a Nevada corporation;  
JIMAC MARKETING, INC., a Canadian  
19 corporation; HIRSCH GIFT INC., a  
Connecticut corporation; C.  
20 STIEFELMAYER GMBH & Co. KG, a  
German limited liability partnership;  
21 CERION GMBH, a German limited liability  
company; CRYSTAL CAPTURE INC., a  
22 Texas corporation; CRYSTAL CAPTURE  
INTERNATIONAL, LLC, a Nevada limited  
23 liability company; G.W. PARTNERS  
INTERNATIONAL, INC., a California  
24 corporation; HIRSCH GIFT INC., a Texas  
corporation; VISIONS IN CRYSTAL, INC., a  
25 California corporation; VITRO LASER  
GMBH, a German limited liability company;  
26 VITRO INTERNATIONAL, LLC, a Nevada  
limited liability company; VITRO USA, LLC,  
27 a Nevada limited liability company;  
MERITAGE GRAPHICS, INC., a Nevada  
28 corporation; 3DLI, Inc., a Nevada

Lead Case No. C03-1179 JSW (MEJ)

Consolidated with No. C03-3905 JSW

**CONSENT JUDGMENT AGAINST  
HIRSCH GIFT INC.**

1 corporation; and DOES 1-20,

2 Defendant.

3 AND RELATED COUNTERCLAIMS

4 Thomas J. Friel, Jr., Brian E. Mitchell, and Anthony J. Patek of Cooley Godward LLP for  
5 Plaintiffs, and Kenneth B. Wilson, K.C. Allan, Sarah Piepmeirer, and Stefani Shanberg for Hirsch  
6 Gift Inc. The Honorable Jeffrey S. White, U.S. District Court Judge, presiding.

7  
8 **I. BACKGROUND**

9 This case involves a dispute over the alleged infringement of U.S. Patent No. 5,206,496  
10 C1 by Hirsch Gift Inc. of Texas ("Hirsch") and other defendants through their manufacture and  
11 sale of "Laser Crystal Products" and/or the devices used to make those products. "Laser Crystal  
12 Products" are decorative objects that contain internal images that have been created inside a  
13 transparent medium (including without limitation a glass cube) using a laser.

14 In general terms, plaintiffs Laser Design International, LLC ("LDI") and Norwood  
15 Operating Company ("Norwood") (collectively, "Plaintiffs") allege that the patent-in-suit  
16 discloses and claims an invention entitled "Sub-Surface Marking"; that it teaches how to make  
17 controlled marks within the interior space of transparent materials such as glass without altering  
18 any of the surfaces of the material using sub-surface marking technology. The patent-in-suit was  
19 originally issued as U.S. Patent No. 5,206,496 on April 27, 1993; it was subsequently reexamined  
20 and deemed patentable with a reexamination certificate (U.S. Patent No. 5,206,496 C1 or the  
21 "'496-C1 patent"), which issued on November 19, 2002.

22 Plaintiffs allege that LDI is the owner of and Norwood is the exclusive licensee (in certain  
23 market segments) of the '496-C1 patent. Plaintiffs have filed a consolidated action against Hirsch  
24 and other defendants, alleging that defendants infringe one or more claims of the '496-C1 patent.

25 LDI, Norwood, and Hirsch ("the Parties") have now agreed to settle the controversy  
26 between them based on certain terms and conditions, have agreed to this Consent Judgment, and  
27 request that this Consent Judgment be entered by this Court.  
28

## II. CONSENT JUDGMENT

Rather than continuing with the litigation, the Parties have agreed to settle the controversy between them and have consented to the entry of the following judgment by this Court. However, should this Court decline to enter this Consent Judgment (in unmodified form) within 90 days of its submission or should this Court enter a modified Consent Judgment, Plaintiffs may, at their election, decide to (1) treat this as a failure of a material condition of settlement, (2) submit a modified Consent Judgment, in accordance with the Court's instruction (if any), or (3) waive this condition (with the effect of keeping the settlement in force).

### A. CONCLUSIONS OF LAW

HIRSCH ADMITS, AND ON THAT BASIS IT IS FOUND, ORDERED, ADJUDGED AND DECREED that:

1. This is an action for patent infringement arising under the patent laws of the United States.

2. Jurisdiction of this Court is proper pursuant to 28 U.S.C. §§ 1331 and 1338.

3. This Court has personal jurisdiction over Hirsch, and venue is proper in this district pursuant to 28 U.S.C. §§ 1400(b) and 1391(c).

4. All claims of the '496-C1 patent are valid and enforceable in this cause of action or any different causes of action with respect to Hirsch.

5. Plaintiffs have standing to sue Hirsch for infringement of the '496-C1 patent.

6. With respect to Hirsch, the patent rights of Plaintiffs are not barred or limited by laches, waiver, estoppel, inequitable conduct, patent misuse, or fraud.

7. Hirsch infringes the '496-C1 patent if it directly or indirectly imports, manufactures, causes to be made, offers for sale, sells, or uses Laser Crystal Products, or the apparatus used to make such products, that are covered by the claims of the '496-C1 patent, or any colorable variation thereof (unless under rights granted by license).

8. Hirsch has infringed one or more claims of the '496-C1 patent by making, causing to be made, offering to sell, and selling Laser Crystal Products that are covered by those '496-C1 patent's claims.



9. With respect to Hirsch, Plaintiffs have no adequate remedy at law and are entitled to an injunction.

10. Any Conclusion of Law, which is deemed to be a Finding of Fact is hereby, adopted as such.

**B. PLAINTIFFS' RELIEF**

IT IS FURTHER FOUND, ORDERED, ADJUDGED AND DECREED that:

1. Damages of \$10,000.00 are awarded to Norwood as compensation for Hirsch's past infringement.

2. Unless Hirsch has a valid license to practice the '496-C1 patent, Hirsch (and its proprietors, subsidiaries, affiliates, successors, assigns, directors, officers, agents, servants, employees, attorneys, and all persons or entities in concert or participation with them who receive actual notice of this Order) is permanently restrained and enjoined during the unexpired term of the '496-C1 patent from directly, contributory or by inducement, importing or causing to be imported, making or causing to be made, offering for sale, selling or causing to be sold, using or causing to be used in the United States any Laser Crystal Product or any manufacturing apparatus used to make those products that infringes any claim of the '496-C1 patent, literally or under the doctrine of equivalents, including any colorable imitation thereof.

3. Hirsch has entered into a non-exclusive written license agreement with LDI and Norwood for the right to practice the '496-C1 patent under specific terms and conditions. Therefore, Hirsch is not currently enjoined by this judgment from practicing the '496-C1 patent in the Market Segments that it is permitted to operate in under the terms of that agreement for as long as the license is in effect and is not terminated.

**C. TERMINATION OF THIS ACTION**

IT IS FURTHER FOUND, ORDERED, ADJUDGED AND DECREED that:

1. Judgment is hereby entered for Plaintiffs and against Hirsch on the terms described above.

2. This judgment shall finally conclude and dispose of this litigation as between Plaintiffs and Hirsch. The Parties shall be entitled to issue preclusion, claim preclusion, res

1   judicata, and collateral estoppel effect in future litigation or patent office proceedings related to  
2   the '496-C1 patent, whether involving the methods, apparatus, or articles of manufacture covered  
3   by this judgment, or materially different methods, processes, or articles of manufacture. The  
4   Parties and this Court explicitly intend such issue preclusion, claim preclusion, res judicata, and  
5   collateral estoppel effects to extend to the issues of claim construction, validity, and  
6   enforceability regarding any claim of the '496-C1 patent whether raised in a court proceeding,  
7   patent office proceeding, reexamination, reissue or other dispute, even with respect to materially  
8   different methods, apparatus, or articles of manufacture.

9         3. This Court retains exclusive jurisdiction of this action for purposes of ensuring  
10    compliance with this judgment and injunction.

11         4. No appeal shall be taken by any party from this Judgment, the right to appeal being  
12    expressly waived by all Parties.

13         5. This Court finds and determines that there is no just reason for delay of entry of this  
14    Judgment and injunction and hereby directs that this Judgment and injunction be entered.

15    **D.    COSTS**


16         1. All issues pertaining to damages, costs and attorneys fees have been settled between  
17    Plaintiffs and Hirsch.

18         2. None of the Parties shall recover any additional damages, costs, or attorney's fees over  
19    or above that which they have agreed, and each side shall bear its own costs and attorneys fees.  
20    All remaining costs shall be assumed by the side incurring them.

21         Judgment is hereby entered on the terms described above. The Clerk is directed to enter  
22    this Consent Judgment forthwith.

23         IT IS SO ORDERED.

24    Dated: Sept. 21, 2005

  
HONORABLE JEFFREY S. WHITE  
United States District Judge